

Weekly market commentary report

03 April 2018 Tuesday

Market outlook and news tracker

Hong Kong and China market outlook

US stocks closed lower on Monday on the first trading day of 2Q18 largely due to drops in the semiconductors, and food & staples retailing sector. On the economic data, US manufacturing PMI reached 55.6 for March, from 55.3 in February. Construction spending improved 1% MoM from February while ISM manufacturing lowered to 59.3 in March, lower than expected and from the previous month. Regarding corporate news, Amazon (AMZN.US -5.21%) lost momentum as Trump tweets to threaten higher postal rates on the company. Apple (AAPL.US -0.66%) reports plans to replace Intel's (INTC.US -6.07%) processing chips for its own in Mac computers in 2020. Alibaba (BABA.US -3.23%) acquires all outstanding shares in Ele.me, transaction with EV of US\$9.5bn. Chinese banks see growth in full year results such as CNOOC (883.HK -0.52%) reports 27.2% YoY increase in NP to RMB24.68bn, while Minsheng Banking (1988.HK -0.91%) reports 4.1% YoY increase in NP to RMB 49.81bn in FY17.

This week's focus will continue to be on US-China trade tariffs and technology stocks amid fall of large movers such as Amazon, Twitter, Facebook, Apple, Tesla, Alibaba, Nvidia in the past few weeks, while HK & Chinese tech stocks may follow given cross border ties & stricter regulations in the industry.

Meanwhile, China's Premier Xi urged to curb financial risks and ordered both local government and SoE to cut leverage ratio. Given the US sell-off and tight domestic liquidity conditions, the market may face further sell-off pressure today. This week highlights may come from those with high stock dividend plans and gold producers. Also, domestic listings of Alibaba and JD.com are expected as early as 3Q18 by issuing Chinese depository receipts.

Hong Kong market sector movers and news tracker

1) Gold sector: Prices fell US\$17.8 to US\$1324.2/ounce amid trade tensions between US-China.

- Related stocks: China Gold International (2099.HK +6.11%), Zijin Mining (2899.HK +0.57%), Hengxing Gold (2303.HK -0.11%), Zhaojin Mining (1818.HK +0.82%)

2) Oil sector: US crude price dropped to US\$64.38/barrel while Brent fell to US\$69.53/barrel.

- Related stocks: CNOOC (883.HK -0.52%), Petro China (857.HK -1.82%), Sinopec (386.HK +2.07%), China Oilfield (2883.HK -0.37%)

3) China bank sector: PBOC strengthened the RMB at 31 bps to 6.2785 against the USD, while banks saw better results; NP in ICBC up 2.7% YoY, CCB up 4.67% YoY.

- Related stocks: CCB (939.HK +0.25%), BOC (3988.HK +0.00%), ICBC (1398.HK +0.45%), CMB (3968.HK +0.94%)

4) Hong Kong property sector: HKMA states home prices to household income ratio rose, and domestic mortgage rates will increase following US monetary policy this year.

- Related stocks: SHK (16.HK -0.64%), Kerry (683.HK -0.14%), Henderson (12.HK +0.20%), NWD (17.HK +0.36%)

Performance indices

Global Index	Performance chg. (%)			
	Closing	1D	1W	1M
HANG SENG INDEX	30093.38	0.2	-0.2	-1.9
HANG SENG CHINA ENT INDX	11998.34	0.0	0.3	-1.7
SHANGHAI SE COMPOSITE	3163.179	-0.2	-0.9	-3.6
SHENZHEN SE COMPOSITE IX	1856.664	0.2	0.7	1.1
CSI 300 INDEX	3886.92	-0.30	-1.3	-3.8
DOW JONES INDUS. AVG	23644.19	-1.90	0.5	-3.6
S&P 500 INDEX	2581.88	-2.2	-0.2	-4.1
NASDAQ COMPOSITE INDEX	6870.119	-2.7	-1.8	-5.3
DAX INDEX	12096.73	1.3	1.1	-3.4
CAC 40 INDEX	5167.3	0.7	0.9	-3.3
FTSE 100 INDEX	7056.61	0.2	1.3	-3.1

Sources: Bloomberg as of 3 April 18

Commodities	Performance chg. (%)			
	Closing	1D	1W	1M
Brent Crude Oil	67.64	-2.5	-2.2	6.1
Gold	1341.29	1.2	-0.5	1.4
Steel (HRC China)	3594	2.2	6.3	-9.5
Aluminium	2004.5	-1.1	-3.4	-6.0
Copper	6714	0.7	0.3	-3.1

Sources: Bloomberg as of 3 April 18

Currencies to US\$	Performance chg. (%)			
	Closing	1D	1W	1M
CNY	6.2804	0.08	0.0	1.0
HKD	7.8486	0.00	0.0	-0.2
JPY	105.89	-0.37	-0.7	0.1
EUR	1.2302	-0.18	-0.6	-0.1
GBP	1.4044	0.21	-0.5	1.7
AUD	0.7663	-0.21	0.2	-0.9
CAD	1.2913	0.10	0.0	0.6

Sources: Bloomberg as of 3 April 18

Economic Calendar

Date	Event	Est.	Prior
4-Apr-18	Caixin CH PMI composite (Mar)	n.a	53.3
	Caixin CH PMI services (Mar)	54.5	54.2
7-Apr-18	CH foreign reserves (Mar)	\$3155bn	\$3134.48bn
9-Apr-18	HK foreign reserves (Mar)	n.a	\$443.5bn
15-Apr-18	CH money supply M0 YoY (Mar)	n.a	13.50%
	CH money supply M1 YoY (Mar)	n.a	8.50%
	CH money supply M2 YoY (Mar)	8.90%	8.80%
	CH aggregate financing CNY (Mar)	n.a	1170bn
	CH new Yuan loans CNY (Mar)	1100bn	839.3bn

Sources: Bloomberg as of 3 April 18

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Hong Kong notable market movers and news tracker

- 1) Sing Tao News (1105.HK +2.97%) reports 22.2% YoY increase in NP to HK\$41.3m and final dividend of HK\$0.04/shr for FY17.
- 2) C-Mer Eye Care (3309.HK -0.10%) reports 14% YoY decline in NP to HK\$40.12m for FY17.
- 3) Martin Lau President of Tencent (700.HK -0.63%) sold 1m shares, reducing his stake to 0.48%.
- 4) SHKP's (12.HK +0.20%) 12 shopping mall sales & customer flow increased during Easter holidays to HK\$200m & 10m people representing +12% and +10% YoY respectively.
- 5) BOC (3988.HK +0.00%) reports 4.76 % YoY increase in NP to RMB172.4bn for FY17.
- 6) Most Kwai Chung (1716.HK -45.45%) was oversubscribed 6289x at IPO and closed at HK\$3.48 last Thursday.
- 7) CM Port (144.HK -0.46%) reports 9.7% YoY increase in NP to HK\$6.02bn for FY17.
- 8) China Everbright (165.HK -1.32%) reports 1.82% YoY increase in NP to HK\$4.15bn and final dividend of HK\$0.6/shr for FY17.
- 9) Wing On (289.HK +0.17%) reports 169.3% YoY increase in NP to HK\$2.65bn for FY17.
- 10) Shun Tak (242.HK +0.31%) reports NP turnaround to HK\$1.69bn in NP for FY17.
- 11) Link (823.HK -0.45%) will launch commercial project in Mong Kok in June namely T.O.P.
- 12) AAC Tech (2018.HK -0.35%) reports 36% YoY increase in revenue to RMB21.12bn for FY17.
- 13) China Mengniu (2319.HK +6.96%) report turnaround to HK\$2.048bn in NP for FY17, and management expects a double-digit increase for FY18.

5-day High/Low Records

Week highs	% index			
Company	Ticker	End Price	move	Industry
Mengniu Dairy	2319	26.90	12.87%	F&B
Sinopec	386	6.89	11.38%	Oil & gas
China Mobile	941	71.95	10.50%	Telecomm
ICBC	1398	6.73	8.77%	Banks
Country Garden	2007	16.16	7.01%	Property

Week lows	% index			
Company	Ticker	Price	move	Industry
Ping An	2318	79.80	-36.04%	Insurance
Tencent	700	409.60	-33.80%	Software & services
Geely	175	22.60	-12.01%	Automobile
HSBC	5	74.00	-11.81%	Banks
WH Group	288	8.36	-8.77%	Agriculture

Source: HKEX, Bloomberg

O Calendar

Company	Ticker	Listing	IPO px	Industry
MS Concept	8447.HK	16/4/2018	0.23-0.27	Restaurants & food
Ying Kee Tea House	8241.HK	16/4/2018	0.48-0.54	Retailers & trade
i.century Holding	8507.HK	16/4/2018	0.50-0.60	Apparel
Sunlight Holdings	8451.HK	16/4/2018	0.25-0.30	Retailers & trade
HKE Holdings	1726.HK	18/4/2018	0.45-0.55	Construction & décor
Zhicheng Technology	8511.HK	20/4/2018	0.55-0.85	IT hardware

Sources: HKEX, Bloomberg

Hang Seng Index weekly performance



Shanghai-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/3/2018	13.0	10.9	83%	219.6	194.8
27/3/2018	13.0	11.3	87%	224.9	200.6
28/3/2018	13.0	12.1	93%	200.0	206.7
29/3/2018	n.a	n.a	n.a	n.a	n.a
30/3/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/3/2018	10.5	12.6	120%	55.3	121.4
27/3/2018	10.5	9.8	93%	69.9	74.2
28/3/2018	10.5	11.1	105%	67.8	102.7
29/3/2018	10.5	9.8	93%	74.8	97.2
30/3/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/3/2018	13.0	11.1	85%	212.1	164.8
27/3/2018	13.0	13.5	104%	192.6	206.7
28/3/2018	13.0	13.1	101%	161.1	203.1
29/3/2018	n.a	n.a	n.a	n.a	n.a
30/3/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/3/2018	10.5	9.9	94%	55.3	57.0
27/3/2018	10.5	9.1	86%	54.6	41.3
28/3/2018	10.5	10.3	98%	54.2	42.4
29/3/2018	10.5	9.3	89%	57.5	43.3
30/3/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

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